

# Budget Workshop

2016 – 2020 Draft Financial Plan

November 17, 2015

# Review Framework – follows the ‘budget book’

- Financial Plan Overview
- Operating Plan Review
- Project Plan Review

## Propose

- answering questions during review
- delay more detailed answers/  
discussions to end of review

# Financial Plan Overview

- Property Tax Increases
  - 2016 – 1.7<sup>0</sup>%, 2017 – 4.1<sup>0</sup>%, 2018 - 3.2<sup>0</sup>%, 2019 – 2.1<sup>0</sup>% 2020 – 1.5<sup>0</sup>%
  - 59% of 2016 revenues from property taxation
- Solid Waste Collection User Fee Increases
  - 2016 – 1<sup>0</sup>%
- Sewer User Fee Increases
  - 5% each year to 2018, 4% each year for 2019 and 2020
- Water User Fee Increases
  - 7.5% each year

# 5 Year Operating Budget Pressures

## Enhanced Police Services

To address critical staffing shortages identified in Human Resources Needs Analysis Report (2009)

In addition, to address general duty resources shortage as a result of growth and complexity of cases, impact of technology on types of crime and to provide adequate support staff

- Budget Impact
  - 16 new members over 4 years in the draft plan
    - RCMP requested 23 new members
  - 3 new municipal staff positions over 4 years in the draft plan
    - 6 new municipal staff positions requested

# 5 Year Operating Budget Pressures Enhanced Fire Services

To address long response times in the Hammond Bay area and provide additional on-duty strength for larger incidents.

Currently, Hammond Bay is one of four areas where response performance time for first arriving unit exceeds 6 minutes 90% of the time

- Budget Impact
  - New fire station on Hammond Bay Rd
    - additional apparatus – Type 1 Engine
  - 20 new members over 2 years (2017, 2018) in the draft plan
  - Annual operating/maintenance for new fire station and apparatus

# 5 Year Operating Budget Pressures Sustaining Services

- Increased contributions to Asset Management reserve
  - 2016 and 2017 only
  - Starting in 2018 ~ \$5 million contributed to AM reserve annually
- Annual Increases
  - Wages/benefits – management, CUPE, IAFF
  - RCMP Contract
  - Inflation

# 5 Year Operating Budget Pressures

## New Debt

- 20 Year Repayment
  - Fire Station #6, Hammond Bay Road
    - \$2.4 million
    - Repayment starts 2017 - \$224k/year
  - Wellcox Trestle Replacement
    - \$6 million
    - Repayment starts 2017 - \$560k/year
  - Police Building Expansion
    - \$6.6 million
    - Repayment starts 2018 - \$616k/year

# 2016 Impact and Key Changes

Impact on typical home  
Key Budget Changes



# 2016 Estimated Impact on Typical Home \$331,000 Assessed Value

	CoN	RDN	VIRL	Total
Taxation	\$ 33.33			\$ 33.33
Water Fees	\$ 31.00			\$ 31.00
Sewer Fees	\$ 5.61			\$ 5.61
Garbage Fees	\$ 1.00			\$ 1.00
VIRL			3.90	\$ 3.90
RDN		23.00		\$ 23.00
	<b>\$ 70.94</b>	<b>\$ 23.00</b>	<b>\$ 3.90</b>	<b>\$ 97.84</b>

RDN proposed budget is 6.7% increase mostly due to increased level for wastewater treatment and transit service changes. Final will not be available until early April 2016. Hospital and School District increases not yet known.

# 2016 Key Budget Changes

- 2016 Operating Expenditure Budget increases
  - Enhanced Services
    - \$178k for Police Support staffing and IT staff (2 FTEs)
    - \$580k for 4 additional RCMP members
  - Sustaining Services
    - \$985k for increased contribution to AM reserve
    - \$974k for wages/benefits per labour contracts
      - 1.5% for CUPE and management
    - \$301k for RCMP contract increase (2015 base)
    - \$537k for other expenditures (eg utilities)

**Total estimated new annual expenditures \$3.6 million**

# 2016 Key Budget Changes

- 2016 Operating Revenue Budget increases
  - \$525k per new agreement with Fortis
  - \$194k re other revenues (eg building permits, recreation fees)
  - \$1.2 million from increased property tax revenues due to growth

**Total estimated new annual revenues \$1.9 million**

**Net expenditures increase is \$1.7 million**

# 2017 – 2020 Key Budget Changes

# 2017 - 2020 Key Budget Changes

- **2017 – projected 4.1% property tax increase**
  - 1% increased annual contribution to Asset Management Reserve (last year of increase)
  - 3 additional RCMP members
  - 1 additional municipal staff for Police Services
  - 10 firefighters (start mid-year)
  - Additional operating costs for Fire Station #6
  - Repayment of new debt for Fire Station #6
  - Repayment of new debt for Wellcox Trestle replacement

# 2017 - 2020 Key Budget Changes

- **2018 – projected 3.2% property tax increase**
  - 5 additional RCMP members
  - 1 additional municipal staff for Police Services
  - 10 firefighters (start mid year), annual cost for 10 new firefighters started previous year
  - Repayment of new debt for Police Operations Bldg expansion

# 2017 - 2020 Key Budget Changes

- **2019 – projected 2.1% property tax increase**
  - 4 additional RCMP members
  - Annual cost for 10 new firefighters started previous year

# 2017 - 2020 Key Budget Changes

- **2020 – projected 1.5% property tax increase**



# Five Year Operating Plans

City Manager's Office

Corporate Services Division

Community Services Division

# Operating Plan Review – City Manager's Office

- City Manager's Office
  - Page 49
    - Includes Communications
  - \$7k increase due to wages/benefits

# Operating Plan Review

## Corporate Services Division

- Corporate Services
  - Page 51
    - Community Development, Human Resources, Financial Services and Purchasing, IT and Legislative Services, General Administration
  - Net Expenditures (excluding General Administration) increased \$384k or 2.6%
  - Significant changes
    - Wages/benefits increased \$410k
      - 1 additional FTE for IT (\$104k)

# Operating Plan Review

## Community Services Division

- Community Services
  - Page 67
    - Social and Protective Services
    - Parks, Recreation and Environment
    - Culture and Heritage
    - Engineering and Public Works including Sewer and Water Utilities
  - 84% of 2016 operating expenditures

# Operating Plan Review

## Social and Protective Services

- Social and Protective Services
  - Page 69
    - Administration
    - Police Services
    - Fire Services
    - Emergency Management
    - 911 Services
    - Bylaw, Regulation and Security (includes Parking)
  - Significant service level increases in next 4 years for Police and Fire Services

# Operating Plan Review

## Police Services

- Police Services
  - Page 72
  - \$1.1 million increase in net expenditures for 2016
  - Expenditures mix
    - 78% RCMP contract
    - 20% municipal staff wages/benefits
  - Significant 2016 budget changes
    - \$301k increase to base contract (140 members)
    - \$580k increase for 4 additional members
    - \$72k increase for 1 additional municipal support staff

# Operating Plan Review

## Fire Services

- Fire Services
  - Page 74
  - Expenditures mix
    - 83% wages/benefits
      - 2015 wages/benefits budget at 2011 rates
      - 2016 wages/benefits budget at 2015 rates
      - Estimated increases budgeted in contingency
      - Annual IAFF contract increases average ~\$250k (excluding additional firefighters)
  - Significant budget changes
    - Increased annual contribution to reserve for 10 year Fire Fleet program (includes new apparatus for new fire station)
    - 20 additional firefighters added between 2017 and 2018 for new fire station on Hammond Bay Rd

# Operating Plan Review

## 911 Services

- 911 Services
  - Page 77
  - Central Island Partnership
    - 45% City of Nanaimo
    - 45% CVRD
    - 10% RDN
  - Significant budget changes
    - New business model for 911 PSAP
      - Net budget impact nil



# Operating Plan Review

- Bylaw, Regulation and Security Services
  - Page 78
    - Bylaw enforcement
    - Animal control
    - Parking management
  - Significant budget changes
    - Lower contract cost for animal control
    - Bad Debt/other expenses budgets reduced
  - \$79k budget reduction in net expenditures for 2016

# Operating Plan Review

## Parks Recreation and Environment

- Parks, Recreation and Environment
  - Page 79
  - Includes
    - Administration and Environment
    - Recreation Operations
    - Arena Operations
    - Aquatic Operations
    - Parks Operations
    - Facility Planning and Operations
    - Community Development
    - PR&E Civic Properties

# Operating Plan Review

## Parks Recreation and Environment

- Parks, Recreation and Environment
  - Net expenditure budget increased \$370k or 2.9% from 2015
    - Wages and benefits increased (\$52k)
      - Much less than contract increase
      - Budgets over last 2 years have been reduced to agree with detailed staffing schedules developed to improve budgeting
    - Utilities budget increased (\$211k)
    - Fleet charges increased (\$76k)
    - Contracted services, materials/supplies budget increased (\$180k)
    - Revenue budgets increased (\$150k)

# Operating Plan Review

## Culture and Heritage

- Culture and Heritage
  - Page 90
  - Net expenditure budget increased \$51k or 2.6% from 2015
    - Increased operating grant/maintenance for Port Theatre (\$14.5k)
    - Increased operating grant for Nanaimo Museum (\$7.1k)
    - Cultural Grants increased from \$2.55 to \$2.80/capita (\$23k)
    - Arts & Cultural Events Grants increased 10% (\$3k)

# Operating Plan Review

## Engineering and Public Works

- Engineering and Public Works
  - Page 92
    - Administration
    - Engineering Services
    - Transportation
    - Drainage
    - Sanitation, Recycling and Cemeteries
    - Fleet

# Operating Plan Review

## Engineering and Public Works

(excluding Sewer and Water Utilities)

- Net Expenditure budget decreased \$174k
  - Water Supply Admin moved to Water Utility
    - Engineering Services decreased \$385k
  - Wages and benefits increased \$18k
    - Much less than contract increases
    - Position moved from Drainage to Sewer Utility
    - Improved budget models/cost allocations
  - Contracted services increased \$55k
  - Utilities increased \$94k
  - Solid Waste Collection User Fees increased \$29k

# Operating Plan Review

## Sewer Utility

- Sanitary Sewer Utility
  - Page 104
    - User fees \$6.3 million
    - Operating expenditures \$3.4 million
    - \$2.9 million transferred to reserves for asset renewal, upgrades and growth

# Operating Plan Review

## Water Utility

- Water Utility
  - Page 104
    - User fees \$16.1 million
    - Operating expenditures \$9.4 million
      - 2 FTEs added in 2016
      - First full year of operations for the Water Treatment Plant
      - Water Cross Connection program (1 FTE) added
    - \$6.8 million transferred to reserves for asset renewal, upgrades and growth



# Five Year Capital Program

Strategic Projects

Renewal Projects

New/Upgrade Projects

Funding Strategy

# Five Year Capital Program

## Key Projects and Programs

- Page 108
  - \$180 million over next 5 years
  - New Facilities
    - Fire Station #6 on Hammond Bay Rd
      - Funded from borrowing
    - Harewood Centennial Park Multi Use Court
      - Funded from Community Works Fund
  - Expanded Facilities
    - Police Operations Bldg expansion
      - Funded from borrowing
    - Port Theatre expansion
      - 100% from grants and private contributions

# Five Year Capital Program Strategic Plan

- Asset Management
  - over 50% of Capital Program is for infrastructure renewal
    - eg road rehab, drainage/sanitary sewer/water main replacement, building components (HVAC, roof, plumbing etc)
- Transportation and Mobility
  - Transportation Master Plan
    - many projects include improvements to cycling, pedestrian and transit amenities
- Water
  - \$36 million investment in new/upgraded infrastructure
    - new reservoirs
    - duplicate supply mains
    - seismic upgrades to South Fork Dam

# Capital Program Funding Strategy

- Maintains a consistent level of funding from general taxation each year - ~ \$7 million
- Uses Asset Management Reserves, Facility Development Reserve, Fleet Replacement Reserve and IT Reserve
- Uses sanitary sewer and water operating reserves
  - User fees for sanitary sewer and water cover annual operating and maintenance expenditures and contribute to reserves for future infrastructure replacement

# Capital Program Funding Strategy

- Uses DCC reserves for specific projects
- Uses PILTs for waterfront projects
- Community Works Fund used to fund Harewood Centennial Park Multi Use Park (\$2 million)
- New debt for
  - Fire Station #6
  - Wellcox Trestle replacement
  - Police Operations Building expansion

# Additional Budget Requests

Not included in Draft 2016 – 2020 Financial Plan

# Additional Budget Requests

## Not included in Draft Plan

- New Strategic Plan
- City Survey (IPSOS)
- Solid Waste Collection Automation
- Emergency Shelter Program
- Rental Subsidy Program
- Increase annual property purchase allocation
  - from \$600,000 to \$1,000,000
- Fire Services
  - Meet 4 member engine coverage
    - Increase OT vs increased firefighter positions